

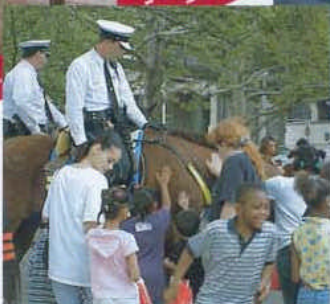
City of Cincinnati

2003
2004

Approved Biennial Budget

Volume 2

2003-2008 Capital Investment Program



Of the People, By the People
For the People
Your City Dollars at Work

City of Cincinnati
All Funds Biennial Budget



2003-2004
Approved Biennial Budget

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The Government Finance Officers Association of the United States and Canada (GFOA) presented an Award for the Distinguished Budget Presentation to the City of Cincinnati for its annual budget beginning January 1, 2001.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium.

The award is valid for a period of one year only. We believe our current biennial budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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The City of Cincinnati's 2003-2004 Approved Biennial Budget, Volumes 1 and 2, is also available via the City of Cincinnati's web site – www.cincinnati-oh.gov. Copies have also been provided to the Cincinnati/Hamilton County Public Library's Main Branch.

**2003-2004 APPROVED BIENNIAL BUDGET
2003-2008 CAPITAL INVESTMENT PROGRAM
VOLUME 2**

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City of Cincinnati



INTRODUCTION

This document includes the Approved 2003-2004 Capital Budget for the City of Cincinnati. The Capital Budget, which funds improvements with a useful life of at least five years, includes General Capital projects, Restricted Funds Capital projects, and projects supported with Federal and State Capital Grant Matching Funds. This budget represents the first two years of a six-year Capital Investment Program.

Approved Capital Budget - Overview

Approved All Funds Capital Budget Summary (In \$ Millions)

	2002	2003	% Change 2002 to 2003	2004	% Change 2003 to 2004
Base General Capital	\$ 78.4	\$106.1	35.3%	\$ 89.5	-15.6%
Restricted Funds Capital	159.1	137.7	-13.5%	147.9	7.4%
Federal/State Capital Matching Funds	21.7	8.5	-60.8%	13.6	60.0%
Total All Funds:	\$259.2	\$252.3	-2.7%	\$251.0	-0.5%

The All Funds Capital Budget totals \$503.3 million: \$252.3 million for 2003 and \$251.0 million for 2004. When compared to the 2002 All Funds Capital Budget, the 2003 budget decreases by 2.7%. In 2004, the budget decreases by 0.5% when compared to 2003. The capital budgets will vary somewhat from year-to-year to reflect the timing of projects and changes in resources.

For 2003, the \$6.9 million reduction from the 2002 amount occurs primarily because of the following factors: a \$21.4 million reduction in Restricted Funds Capital due to non-recurring Parking Facilities projects such as the 7th and Broadway Garage and a \$3.2 million decrease in Metropolitan Sewer District projects; a decrease in Federal/State Capital Matching Funds of \$13.2 million due to fund availability; a General Capital increase in Anthem demutualization proceeds of \$31.5 million for the Neighborhood Investment Program and a net decrease of \$3.8 million in other projects.

The budget reduction of \$1.3 million in 2004 when compared to 2003 is primarily due to the following factors: a General Fund reduction of \$10.0 million in Anthem demutualization proceeds, a reduction of \$6.5 million in Tax Supported Bond proceeds, and a net \$100,000 reduction in other projects; an increase in Restricted Fund Capital due to parking facility improvements of \$10.5 million including the addition of a new parking garage (tentatively) for \$10.0 million, and a net reduction of \$300,000 in other Restricted Fund projects; and an increase of \$5.1 million in Federal/State Capital Matching Funds.

General Capital Neighborhood Investment Highlights

Resources

(In \$ Millions)

GENERAL CAPITAL RESOURCES		
	<u>2003</u>	<u>2004</u>
City Income Tax (0.15%)	\$ 18.1	\$ 18.9
Tax-Supported Bonds	43.0	36.5
Southern Railway Note Proceeds	15.6	15.9
General Fund Transfer	0.0	0.0
Tax Increment Supported Bonds	0.0	4.6
Miscellaneous Resources	2.3	0.7
Anthem Demutualization Proceeds	31.5	21.5
Less-Debt Service	<u>-4.4</u>	<u>-8.6</u>
TOTAL RESOURCES:	\$106.1	\$ 89.5

The above table illustrates the General Capital Resources for 2003 and 2004. One new resource is included in this biennial General Capital Budget: Anthem demutualization proceeds, which the City received from the sale of stock when Anthem, Inc. converted from a mutual insurance company to a stock insurance company. In accordance with the City Council's directive, \$53 million in Anthem demutualization proceeds have been applied toward capital initiatives in our City's neighborhoods.¹ The infusion of this resource brings a unique opportunity to invest in our City's future with much-needed capital expenditures through a Neighborhood Investment Program.

Expenditures

The following is a list of expenditure highlights in the General Capital Budget.

1. **\$53.0 Million More for Neighborhoods** - The Neighborhood Investment Program funded from Anthem demutualization proceeds generates significant increases in the budget for development in Cincinnati neighborhoods.² The table below is a listing of projects with new Neighborhood Investment Program resources in the biennium.

(In \$ Millions)

NEIGHBORHOOD INVESTMENT PROGRAM			
<u>PROJECT</u>	<u>2003</u>	<u>2004</u>	<u>TOTAL</u>
Neighborhood Housing Revolving Loan Fund	\$15.0	\$ 0.0	\$15.0
Neighborhood Investment Reserve	8.5	13.8	22.3
Capital Arts Funding	2.2	2.2	4.4
Over-The-Rhine Plan Implementation	2.0	2.0	4.0
Neighborhood Market Rate Housing	1.5	1.5	3.0
Citirama Market Rate Housing	1.0	1.0	2.0
Downtown Market Rate Housing Development	0.5	0.5	1.0
Mixed Income Capital Redevelopment	0.5	0.5	1.0
Kennedy Connector (design)	<u>0.3</u>	<u>0.0</u>	<u>0.3</u>
TOTAL:	\$31.5	\$21.5	\$53.0

¹ An additional \$2 million in Anthem demutualization proceeds have been applied to the 2003-2004 Operating Budget to be used as matching support for community-led initiatives to improve safety in neighborhoods.

² Ibid.

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In addition to the \$53.0 million of Anthem demutualization proceeds included in the General Capital Budget for the Neighborhood Investment Program, the Consolidated Plan Budget also includes \$30.0 million in the form of Float Loans and HUD 108 Loans. Total funding for the Neighborhood Investment Program is \$83.0 million, as the table below illustrates:

(In \$ Millions)	
NEIGHBORHOOD INVESTMENT PROGRAM - TOTAL FUNDING	
Anthem Demutualization Proceeds	\$53.0
CDBG Float Loan	20.0
CDBG 108 Loan	<u>10.0</u>
TOTAL:	\$83.0

- 2. Street Rehabilitation: \$28.3 Million for 200 Lane Miles** - The General Capital Budget includes \$15.7 million in 2003 and \$12.6 million in 2004 for the Street Rehabilitation Program. This investment meets the City Council directive to rehabilitate at least 200 neighborhood lane miles in the biennium. A total of \$90.5 million is included in the 2003-2008 General Capital plan for this initiative.

Major street reconstruction projects, in addition to Street Rehabilitation, total \$6.2 million in 2003 and \$2.5 million in 2004. In the biennium, reconstruction projects are planned for sections of the following streets: Waldvogel Viaduct, Columbia Parkway, Queen City Avenue, River Road, Red Bank Road, and Central Avenue. A total of \$26.8 million is included in the 2003-2008 General Capital plan for street reconstruction projects.

In addition to the street rehabilitation and street reconstruction projects, the "All Funds" Biennial Capital Budget includes \$6.1 million in 2003 and \$6.7 million in 2004 from State and Federal transportation matching funds. Improvements to the following streets are planned with matching funds in the biennium: Queen City Avenue, Kirby Road, Dixmyth Avenue, and Madison/Red Bank Roads. The Neighborhood Investment Program includes \$300,000 for the design and engineering work for the Kennedy Connector Project. Estimated construction and property acquisition costs for this project range from \$10.0 million to \$15.0 million.

- 3. Recreation Facility Renovations: \$14.3 Million** - Significant increases for renovations to Recreation facilities are included in the General Capital Budget, totaling \$14.3 million in the biennium and \$28.0 million over the six-year General Capital plan. Funding will be used for renovation and repair of the Recreation Department's 53 buildings (including 34 Recreation Centers and excluding golf buildings, which are maintained through a separate enterprise fund), 41 pools, 108 playgrounds, and 400 athletic facilities (including athletic fields and tennis courts). Improvements of all types will be performed, such as roof replacements, door/window replacements, upgrades to heating/air conditioning systems, replacement of unsafe equipment, resurfacing courts, and installation of safety surfaces.

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4. **New Mt. Washington Recreation Center: \$5.5 Million** - The biennial budget includes funding for replacement of the Mt. Washington Recreation Center. In 2003, \$750,000 is included for work related to site preparation, and \$4,750,000 is included in 2004 to complete construction of the center.
5. **New Replacement Fire Stations: \$3.6 Million** - The General Capital Budget includes \$1.8 million in both 2003 and 2004 for the construction of one new fire station in each year. Over the six-year plan, \$21.8 million is included for this project, which will replace existing fire stations.
6. **Market Rate Housing: \$25.0 Million** - Funding for the development of market rate housing in Cincinnati totals \$19.5 million and \$5.5 million in 2003 and 2004, respectively, including \$21.0 million in Neighborhood Investment Program funds. Over the six-year General Capital plan, \$39.6 million is included for this initiative. These funds will be used for site improvements and infrastructure development at construction locations.

(In \$ Millions)

MARKET RATE HOUSING			
	<u>2003</u>	<u>2004</u>	<u>Six-Year Plan</u>
Neighborhood Market Rate Housing	\$ 1.5 *	\$2.5 **	\$14.0
Citirama	1.0 *	1.0 *	4.0
Downtown Housing Development	.5 *	.5 *	3.6
Neighborhood Housing Revolving Loan Fund	15.0 *	0.0	15.0
Special Housing Permanent Improvement Funds	<u>1.5</u>	<u>1.5</u>	<u>3.0</u>
TOTAL:	\$19.5	\$5.5	\$39.6
* Neighborhood Investment Program Funds			
** Neighborhood Investment Program Funds: \$1.5 million; Base General Capital Funds: \$1 million			

Funding for Citirama, which is a development partnership between the City and the Greater Cincinnati Homebuilders Association, totals \$4.0 million over the six-year plan, with \$1.0 million in both years of the biennium from the Neighborhood Investment Program. For development of market rate housing downtown, \$3.6 million is in the six-year General Capital plan. Additionally, the biennial budget for market rate housing includes \$3.0 million utilizing Special Housing Permanent Improvement Funds (SHPIF).

7. **Neighborhood Investment Reserve: \$22.3 Million** - The General Capital Budget includes a Neighborhood Investment Reserve project as part of the Neighborhood Investment Program. This project is dedicated to a variety of development initiatives in Cincinnati neighborhoods including housing, economic development, and infrastructure improvements. As part of the City's continued commitment to neighborhood issues, this project will allow the City Council to respond to neighborhood concerns as they arise over the next two years. Neighborhood Investment Funds will support this project totaling \$22.3 million over the biennium. Part of the Reserve will be leveraged, which will multiply the impact of these funds through grants, participation in investment pools, performance loans, and providing debt reserves.

8. **Neighborhood Business District Improvements: \$1.6 Million** - The General Capital Budget includes \$1.6 million in the biennium to support Neighborhood Business District (NBD) Public Improvement projects. When combined with Consolidated Plan funds, the total amount for this initiative is \$3.6 million. Streetscape enhancements in College Hill, Hyde Park, and North Avondale are planned.
9. **Convention Center Expansion: \$1 Million Annually** - To meet the City's obligation to the Convention Center Expansion Project, the six-year Capital Investment Program includes \$1.0 million annually for this project. The \$1.0 million annual commitment is for 30 years, ending in 2033.
10. **Police Risk Management Systems: \$2.5 Million** - The General Capital Budget includes funding in the amount of \$2.5 million to purchase a new risk management system to improve the Police Department's ability to track activities of police officers. Funds will also support a tracking system for the Community Problem Oriented Policing (CPOP) program.

Major Capital Investment Projects: Prior Commitments - Funding for prior year commitments related to the following projects is also included in the General Capital Budget:

- Police and Fire 800 Megahertz Communication System (\$8.4 million in 2003, \$2.7 million in 2004);
- Riverfront Utilities (\$1.2 million in 2003, \$1.4 million in 2004);
- Riverfront Street Grid Repayment (\$6.0 million in 2003); and
- Laurel Homes (\$1.0 million in 2003 for development of Laurel Park, green space, and a playfield).

RESTRICTED/SPECIAL REVENUE/MATCHING FUND HIGHLIGHTS

1. **Kirby Road Improvements** - New storm sewers and street improvements on Kirby Road are included in the Approved Capital Budget, totaling \$350,000 in the Stormwater Management Utility Restricted Fund and \$1.0 million in General Capital resources which are managed by the Department of Transportation and Engineering. The design and engineering phase of this project is underway, and construction is scheduled to begin in late 2003.
2. **Downtown Parking** - The 2004 Capital Budget in the Parking Facilities Restricted Fund includes \$10.0 million for a new garage downtown. The Finance Department is currently working with Parking Facilities to evaluate the Parking Facilities Fund to determine its ability to support the debt service associated with the new structure. The recent downturn in the economy has created lower than expected revenue in the fund for 2002 and the trend is expected to continue in 2003. This project may be modified in the 2004 Capital Budget Update depending on the fund's revenue receipts in 2003.

3. **Special Revenue Capital** - The budget for the Special Housing Permanent Improvement Fund (SHPIF) is \$1.5 million in both 2003 and 2004. Projects in this fund, which are supported from net rental income and tax increment payments, will promote housing development downtown.
4. **Federal/State Capital Grant Funds** - The City receives federal and state matching funds to improve the City's roads and bridges. Additionally, funds are received annually from the Federal Aviation Administration (FAA) for improvements to Lunken Airport and Blue Ash Airport. Matching Capital Funds total \$8.5 million and \$13.6 million in 2003 and 2004, respectively.

SMALE INFRASTRUCTURE APPROPRIATION REQUIREMENTS MET

In 1988, the voters of the City of Cincinnati approved a 0.1% increase to the municipal income tax on earned income to provide funding for costs related to the construction, operation, and maintenance of the City's infrastructure. Mr. John Smale, Chief Executive of the Procter and Gamble Company in 1986, served as chairman of an independent commission that recommended infrastructure improvements and the tax increase.

As part of the ballot initiative that created the tax-supported revenue stream to support the City's infrastructure, the City is to maintain a base appropriation amount for infrastructure. The base amount is adjusted annually to reflect inflationary increases. The estimated base amount is \$60.1 million and \$61.3 million in 2003 and 2004, respectively.

The 2003-2004 General Capital Budget includes \$39.1 million in 2003, \$39.9 million in 2004, and \$230.0 million for the six-year plan to fund the renovation and/or replacement of existing City infrastructure assets. The Biennial Capital Budget amounts, combined with Operating Budget infrastructure maintenance commitments of approximately \$34.7 million in 2003 and \$35.7 million in 2004, provide the City with a sufficient coverage to meet the legal appropriation requirements needed to maintain the 0.1% portion of the income tax dedicated to infrastructure.

The following is a list of General Capital Budget expenditure highlights for Smale Infrastructure projects:

	<u>Biennial</u>	<u>Six-Year</u>
Neighborhood Street Rehabilitation	\$ 28,258,800	\$ 90,519,600
City Facility Renovations and Upgrades	\$ 31,152,900	\$ 79,263,900
Street and Road Improvements	\$ 8,695,000	\$ 26,841,800
Annual Infrastructure Programs	\$ 4,280,000	\$ 16,680,000

2003/2004
All Funds Capital Budget Summary

	Approved 2002	Approved 2003	Approved 2004
Capital Budget			
General Capital	\$78,360,300	\$106,057,000	\$89,507,000
Enterprise Capital			
Blue Ash Airport Fund	\$0	\$50,000	\$0
Cable Communications	2,881,000	1,713,700	1,279,800
Criminal Act Forfeiture	810,600	0	0
General Aviation	515,000	430,000	460,000
Income Tax Infrastructure	0	0	0
Income Tax Transit	100,000	100,000	100,000
Metropolitan Sewer District	67,688,100	64,518,800	66,181,700
Parking Facilities	18,950,000	1,090,000	11,475,000
Sidewalk Assessment	0	450,000	800,000
Stormwater Management	3,195,000	1,084,000	1,756,000
Telecommunications Services	1,140,000	45,000	30,000
Water Works	62,356,000	66,743,300	64,292,500
Total Enterprise Funds	\$157,635,700	\$136,224,800	\$146,375,000
Special Revenue Funds Capital			
Special Housing Permanent Improvement Fund	\$1,468,776	\$1,518,140	\$1,518,140
Matching Capital Funds			
State-Federal-County Roads & Bridges	\$12,700,000	\$7,080,000	\$12,910,000
State Loan - Convention Center	7,500,000	0	0
Federal Aviation Administration	1,282,500	1,413,000	717,000
Transportation Efficiency Act for the 21st Century - TEA 21 Enhancements	248,000	0	0
Total Matching Funds	\$21,730,500	\$8,493,000	\$13,627,000
Total All Funds Capital Budget	\$259,195,276	\$252,292,940	\$251,027,140

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